

Amendments to the 2002-04 List of Projects Eligible for Agency Bond Authority

Action: The staff recommends that the council amend the 2002-04 list of eligible projects for agency bond authority to include the University of Louisville's \$4.7 million fiber optic project and Western Kentucky University's \$1.5 million materials characterization center renovation project.

The University of Louisville, in collaboration with the Council on Postsecondary Education, the University of Kentucky, and the Governor's Office of Technology, is pursuing the purchase and installation of fiber optic lines to connect data centers across campuses. Western Kentucky University proposes to renovate an area within the Center for Research and Development to house a materials characterization center. Both institutions have requested that the council amend its 2002-04 list of eligible projects for agency bond authority to add the two projects. The Governor has recommended \$66.8 million of agency bond authority for postsecondary education institutions for 2002-04.

The UofL project includes the purchase and installation of approximately 86 miles of fiber optic (high-bandwidth) lines to connect the UK and UofL data centers. These lines make it possible for the institutions to share high-speed applications and to work together on research, academic, and other initiatives. They would also provide more bandwidth capacity for state offices in Frankfort, Kentucky. The proposed fiber optics project would complement the statewide information highway.

The renovation of space for WKU's materials characterization center is currently authorized as part of the South Central Technology Center project (the Old Bowling Green Mall) enacted by the 2000 General Assembly. The South Central Technology Center project (\$10 million) is authorized as part of the Cabinet for Economic Development's bond pool (HB 502, page 24) to finance manufacturing modernization projects related to the knowledge-based economy. The current project authority is \$10 million - \$4.0 million economic development bonds (from the Cabinet for Economic Development's high-tech

construction pool) and \$6.0 million restricted funds. WKU has requested that the financing plan be amended to \$4.0 million of economic development bonds, \$4.5 million restricted funds, and \$1.5 million of agency bonds.

Amending the list of eligible projects does not guarantee UofL or WKU agency bond authority for these projects. The current 2002-04 list includes 46 projects, totaling \$270.3 million (\$257.8 million of agency bonds and \$12.5 million of institutional funds).

The staff will forward the council action to the Office of the State Budget Director, the secretary of the Finance and Administration Cabinet, and the Capital Projects and Bond Oversight Committee.